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NOVEMBER 27, 1967

EXPORT OUTLOOK FOR
U.S. FARM PRODUCTS

HOW AUSTRIAN AGRICULTURE
IS FARING THIS YEAR

WORLD MEAT TRADE

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE
Including FOREIGN CROPS AND MARKETS

NOVEMBER 27, 1967
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Cargo ships rounding the globe symbolize U.S. farm exports, one of the topics discussed at USDA's 45th National Agricultural Outlook Conference in November. (See stories on pages 3 through 8.)

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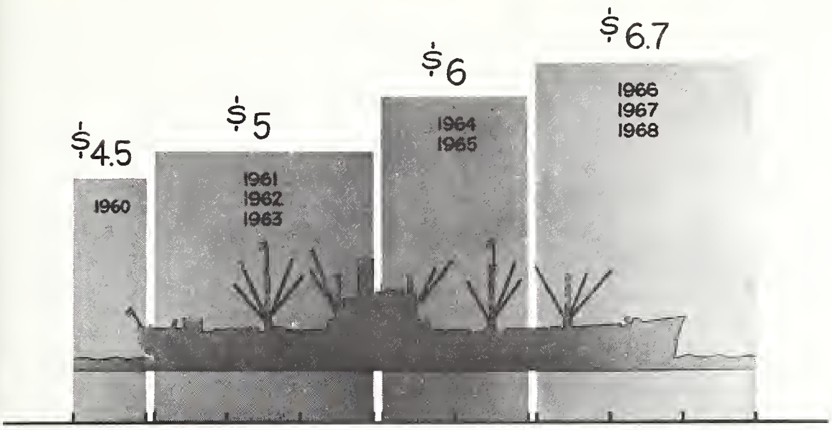
U.S. Agricultural Exports Are Continuing at High Level



Fiscal years 1960-68, in billions of dollars

Exports of farm products in fiscal year 1968 are forecast at $6.7 billion, but increasing problems are arising out of foreign protectionism.

By RAYMOND A. IOANES
Administrator, Foreign Agricultural Service

We are continuing to do very well in our agricultural export markets.

During this 1967-68 year, we appear to be heading toward a $6.7 billion total in our agricultural exports, which would be close to last year's record performance of $6.8 billion. We expect the export sales for dollars will be about $5.1 billion, also near last year's record high of $5.2 billion.

The fact that we are holding close to last year's export levels should come as no surprise if you're acquainted with my "plateau theory." This theory is that when we reach a high point in our agricultural exports, we tend to pause and solidify our gains before going on to new highs. That has been the pattern in the very strong growth in our agricultural exports during these 1960's.

From a $4.5-billion starting point in 1960, we moved up to a $5-billion plateau during the 1961-63 period. In 1964 and 1965, we were at a $6-billion plateau. During this 1966-68 period, we're averaging out at $6.7 billion. And we hope to go on to new higher plateaus—$7 billion, $7.5 billion, $8 billion, and beyond.

Outstanding in the outlook

Three things stand out today in our commodity trade outlook:

First, we have successfully built our agricultural exports to very high record levels. The earnings from these exports have become an important part of our farm and city income, as well as a major contributor to our country's favorable balance of trade.

Second, the forces that have helped us to achieve these big exports should continue to work for us. The principal force is the income improvement that is enabling people to eat better, in Europe, Japan, and in a number of areas around the world. The buying base is there. These people will be buying even more in the future than they have in the past—from somebody—and we hope they will buy from us.

But third, we also face some very real trade problems. There is danger that today's favorable economic forces may be counteracted by the growing tendency of a number of nations to disregard established rules of trade and try to export their agricultural problems, rather than solve them at home. Unless this growing tendency can be reversed, it can interfere seriously with reaching our new and larger export goals.

Importance of our agricultural exports

In fiscal year 1967, 67 percent of our farm sales of rice were sales for export. From 45 percent to 54 percent of sales of wheat, hides and skins, cotton, grain sorghums, and tallow were sales for export. From 24 percent to 38 percent of sales of corn, tobacco, and soybeans were sales for export.

The really dramatic growth in exports has been in those commodities that are closely associated with rising living standards—namely, soybeans and feedgrains.

During fiscal year 1968, we look for exports of oilseeds and products to approach $1.3 billion in value. This is 3 times larger than 10 years ago.

During fiscal year 1968, we look for exports of feedgrains to be somewhat over $1 billion in value. This is an expansion of 2½ in 10 years' time.

Both soybeans and feedgrains are relative newcomers in international trade. Yet so strong is their new grip on the agricultural export market that together these two commodities comprise a third of our total agricultural exports.

Export growth such as this has obvious benefits for farmers who now export the production from one acre out of four of their harvested land. Something that is less well known is the new importance agricultural exports have assumed in our country's international trade account.

During these 1960's our agricultural exports have had a dynamic growth but our agricultural imports have gone up relatively little. As a result, our agricultural exports today so far exceed our agricultural imports that we have

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Highlights of an address prepared for the USDA Outlook Conference, November 13, 1967.

a large favorable balance to add to our country's overall trade balance. During fiscal year 1967, our agricultural exports made up one-fifth of our total exports of all products; yet they accounted for more than half of our Nation's favorable trade balance.

Improving ability to buy

The steady rise in our agricultural exports is directly related to the improvement that has been taking place in the economies of the countries we sell to and the resulting improvement in their consumers' ability to buy.

Our export expansion has not been an automatic process. We have worked hard and with some success—as in the recent Kennedy Round—to improve our access to such markets. And we have worked hard and with considerable success to carry out market development and sales promotions programs in such markets. But underlying such efforts has been this constantly improving financial base on which we could build.

The 14 developed countries that make up our best customers have been having an average growth rate of about 5 percent in their gross national product over the past 5 years. There has been some slowdown in some of these countries during the current year—West Germany and the United Kingdom for example—but we can expect a pickup in economic activity in the year ahead. Barring unforeseen economic or political or other adversity, I think we can safely assume that the countries we sell to will continue to improve their economies and standards of living.

One excellent barometer of a country's economic progress is the amount of meat its people are eating. In our Western world, at least, people are not vegetarians by choice. When they can afford to buy meat, they will.

Here in the United States we have been expanding our meat consumption until now it is in the range of 160 to 170 pounds per person per year. The people of Western Europe have been expanding their meat consumption, too.

The United Kingdom now has a per capita meat consumption of 140 pounds, which is up 10 percent from the late 1950's. In West Germany the figure is 120 pounds, up 16 percent. In the Netherlands, it's 108 pounds, up 15 percent. In Spain, it's in the 50-pound range, but even this is a gain of more than 35 percent.

In Japan, per capita meat consumption is only about 15 pounds, which is awfully low; but the significant thing is that this is twice what it was in the late 1950's.

The moral is: Wherever you have an industrialized country that is moving ahead economically and where there is a strong upward trend in meat consumption, there you have a strong potential market for the things that make meat—namely, feedgrains and protein supplements.

American farmers are in a unique position to keep on supplying these foreign markets with very large amounts of the raw materials for the production of animal products. We have the soil, the climate, the farming structure, the equipment, the know-how—in short, all the inputs that are required. The potential is there. But we have no guarantee of success. We face some problems.

Trade problems ahead

In recent Outlook Conferences we have been able to present a fairly rosy picture of export prospects, and the export results indicate that this optimism was warranted.

This year, however, I am going to be more conservative regarding the future. My natural inclination is to be optimistic—I would like to think that our agricultural exports can go in only one direction, and that is up. But some sobering facts confront us. At best, the additions we make to our agricultural exports in the years immediately ahead will come harder than those of the years immediately behind us. At worst, we may not add to the size of such exports and could even slip backwards.

The most basic problem, as I see it, has to do with what is happening in the rules of world trade.

We do best—in the long run, all countries do best—under rules of international trade which work for the common good. This means rules which are based on economic principles of relative efficiency, specialization, and fair competition.

For a number of years we and our trading partners have been making progress in improving the rules of international trade. We have done this through the approach that we and a majority of our trading partners adhere to—the trade-liberalizing features of the General Agreement on Tariffs and Trade, which was sponsor of the Kennedy Round and other trade negotiations in which we have taken part. We have done this, too, through countless individual discussions with governments around the world, also directed at reducing impediments to trade.

And these efforts have paid off. World trade in all products has expanded at a faster rate than ever before. And the United States has shared fully in this expansion, including in our agricultural trade.

Today, in country after country, new impediments to trade are being initiated. We are in real danger of entering a regressive period.

What will affect our exports

As we try to hold our current agricultural exports and expand them further, there are a number of factors that influence the size of our exports.

One is competition. This year we are realizing, perhaps more than ever before, that we don't have any special hold on the world market. Importing countries have some new sources of supply. We are facing stronger competition. In just a year's time, a number of changes have taken place in the world's agriculture. A year ago the Soviet Union and Communist China were buying large amounts of wheat; this year they are buying less and some of the exporting countries are wondering what to do with their excess supplies.

Argentina is trying to double her wheat production. France is expanding her hard wheat production and so is Australia. Canada has instituted a subsidy program for her wheat growers which will enable her to meet price commitments to her farmers as she competes in world markets. The Soviet Union is competing strongly for markets for her sunflower and cottonseed oils. Thailand and South Africa are expanding corn production, and Japan is among their customers.

A year ago a lot of people were raising the question of whether the world was losing the ability to feed itself. But the commercial world has a continuing capacity, for many years ahead, to produce more grain than it can sell.

Another important factor affecting exports is food aid. One of the considerations here is that certain countries, such as Yugoslavia and the United Arab Republic, which once were among the principal recipients of our Public

Chartbook Traces U.S. Agricultural Export Gains in Fiscal 1967

The factors behind the record export of U.S. farm products in fiscal 1967 are vividly presented in the current *Handbook of Agricultural Charts.**

Prepared annually for the Agricultural Outlook Conference, the chartbook this year contains 14 charts in its section on foreign production and trade—5 of which appear below—and an additional 39 on exports and imports of various commodities.

The export total for fiscal 1967 hit a record $6.8 billion, with larger dollar sales of wheat and flour, tobacco, and cotton accounting for much of the gain.

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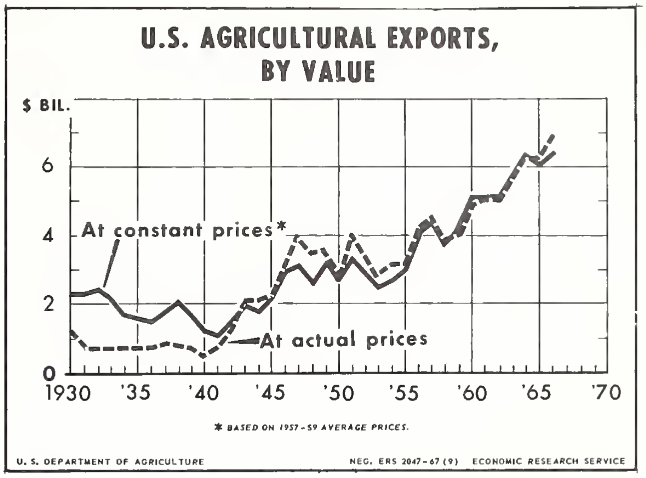
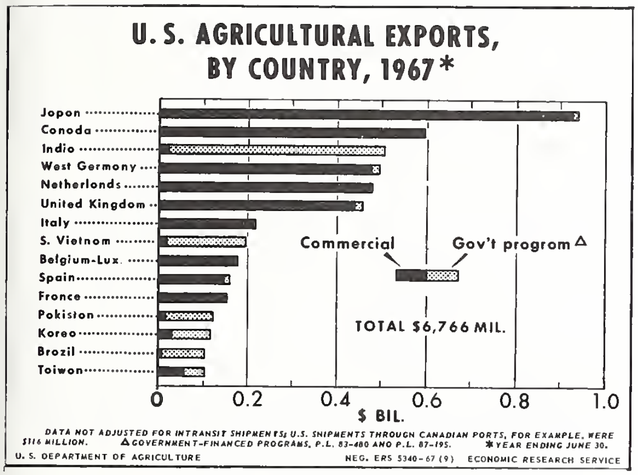
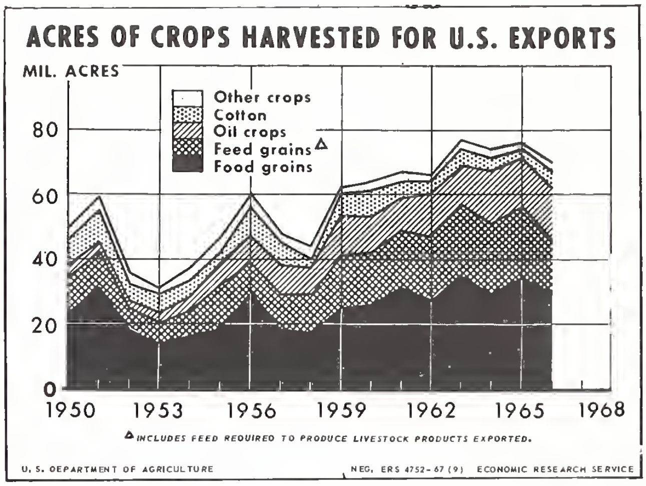
*Agriculture Handbook No. 348, available for 45 cents from Superintendent of Documents, Government Printing Office, Washington, D. C. 20402.



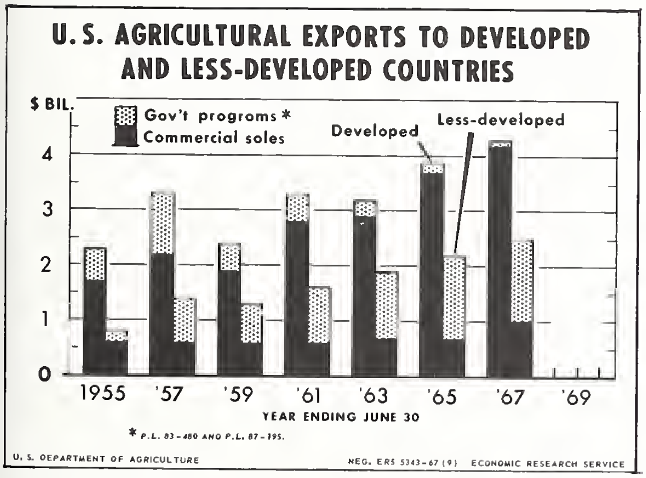
Above, the substantial volume increase in U.S. agricultural exports over the past decade, as measured by "constant" prices, is quite similar to the value increase as measured by actual prices.



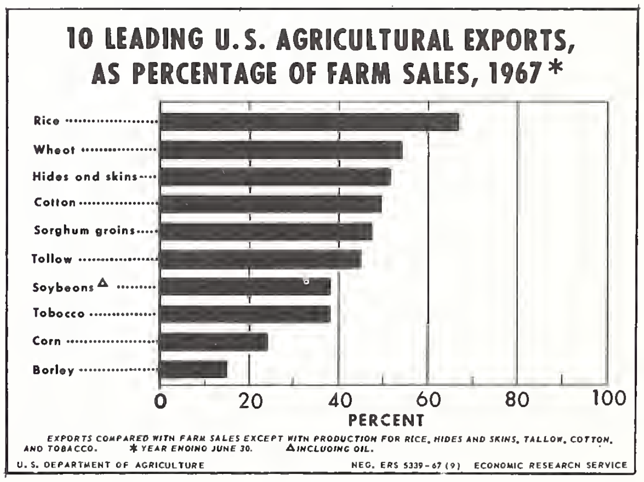
Above, of 15 leading outlets for U.S. farm products, Japan is still first by far. Others still in the top 6 are Canada, India, West Germany, the Netherlands, and the United Kingdom.



Above, export acreage rose last year for all crops except foodgrains and feedgrains. Below, exports were over two-thirds of farm sales for rice and over half for wheat, hides, and cotton.



The pairs of bars above show changes in our sales of farm commodities to the developed and less developed nations since 1955 and the rising importance of dollar sales on both sides.



Law 480 shipments, are not now receiving such shipments. If we were still doing business under the old basis with these and some other countries, this alone could lead to additional shipments of 3 million tons of wheat, a quarter million pounds of vegetable oil, and a third of a million bales of cotton.

Another factor that influences the size of our agricultural exports—and sometimes this is very hard to come to grips with—is the matter of sanitary regulations. By this I mean the foreign health laws that our foods must meet if they are to enter another country.

Food health laws are, of course, necessary as a protection to consumers. We think we have some of the best food health laws in the world—we've been developing and improving them for many years. But it isn't ours—it's the other fellow's regulations that apply when we ship our foods to another country.

Many of these foreign food laws are, of course, well constructed and reasonable. But others are impractical when applied to foreign trade. Still others are even of questionable integrity because their purpose seems to be to limit imports more than to protect consumers.

We are taking positive steps to try to cope with foreign food laws where they appear to be unduly restrictive. We are working at this time with the Germans and the Dutch to try to get understanding on some of their laws which could work a hardship on our export sales, especially of fruits and vegetables and variety meats. We're working also with the Japanese to assure that our program for control of Newcastle disease doesn't keep our poultry products out of the Japanese market.

Protectionism—a pressing issue

The fourth general area of developments that affect our agricultural exports is protectionism—the disposition of some countries to set aside conventional rules of international trade in an effort to solve their domestic problems. I think more of this is taking place today than ever before in my memory.

I have no particular motive in singling out Western Europe for comment except that there we find some clear-cut examples of attempts to get rid of agricultural problems by exporting them to other countries.

The European Economic Community has constructed a system in which subsidized exports flow automatically from high-cost surplus production. These export subsidies are paid out of funds generated by import levies. Export subsidies currently are in effect on the Community's hams, fresh pork, lard, poultry, butter, tomato products, cheese, and perhaps some others.

As these products flow out of the EEC at reduced prices, they disrupt markets we have been selling in—poultry markets in Switzerland and Greece are current examples.

The canned hams that come into the United States from Community producers are subsidized—and it is ironic that the Community is able to raise this subsidy money through levies against our feedgrains. We are at this time looking into possibilities of imposing countervailing duties on such hams to compensate for the artificially low prices.

The EEC system can become rather ridiculous, as shown by the fact that even Roquefort cheese can come into the United States from its French producers under a subsidy. Roquefort cheese, as we all know, is a gourmet item. The people who buy it are not shopping for a bargain. But the EEC has a surplus of dairy products; so, the export subsidy can lock in on Roquefort cheese, just as it does on butter, as part of the effort to get rid of the dairy surplus.

This EEC system is particularly insidious because it practically guarantees price spirals and surplus high-cost production.

I don't want to leave the impression that only the EEC is using export subsidies in questionable ways.

Australia is using a two-price system in order to cut its selling price of canned cling peaches and compete with us in Germany. Italy has announced a program of export subsidies for canned tomatoes and tomato paste.

These are problems that bother us, and we are working aggressively to try to get them resolved. As we do so, we're aware that some countries say we're not entirely pure either, and they cite our tobacco subsidy as an example.

Today's trade problems do not involve only subsidies. Nations sometimes have special restrictions that keep us out of their markets. Japan is an example. We're doing very well in the Japanese market and we value this market highly—but the Japanese permit only a trickle of some of our export products to enter, including fresh grapefruit, fresh oranges, orange juice and other fruit juices, apples, pears, and root crops. Fresh grapefruit, for example, is a fruit that Japan doesn't grow. Grapefruit sell in the Tokyo market for 50 cents to $1 apiece. Such severe import limitations are hard to understand.

Switzerland permits the importation of our uncooked frozen whole birds but doesn't permit the importation of uncooked parts—although the parts all come from whole birds that have been inspected for wholesomeness.

We have been aggressively chipping away at trade problems such as these and we will continue to do so. The Kennedy Round did some good in further reducing tariffs but it didn't get at these nontariff barriers. This will be the big challenge we face in the years ahead.

The other side of the trade dollar

I think we are approaching a time of reckoning in international trade relations. Too many people—and I will not exclude people in our own country—want to have all the pleasures of trade without any of the pain. But trade doesn't work that way. You have to give something in order to get something. If everyone should get full protection for his domestic industry, the slowdown in international trade would be disastrous.

We in the United States should be giving leadership toward further dismantling of world trade barriers, but if we are to do so we need to make up our own minds as to whether we really believe what we have been saying about the benefits of freely flowing international trade. To me, the arithmetic is obvious; the benefits are there. Our favorable trade balances show it. I hope others will see this, too.

We need to keep chipping hard at the trade-restricting actions of other countries. We have been doing this, and we need to keep on doing it. But we need to meet trade problems caused by others in ways that don't create new trade problems.

In our own trade policy, we need to seek a workable balance whereby we give reasonable protection to our domestic agricultural prices but not through actions so protectionistic that we bring retaliation and thereby endanger the many export gains we have made.

Farm Commodity Export Outlook Favorable for Fiscal 1968

In the farm export total, hovering close to the record, most strength is expected to be shown by oilseeds and products, rice, and animal products.

By ROBERT L. TONTZ
Foreign Development and Trade Division
Economic Research Service

With volume expected to rise slightly and value to hold near last year's record-high level of $6.8 billion, 1967-68 looks like another very good year for U.S. exports of farm commodities. Lower prices are expected for soybeans, corn, and wheat; thus, value gains will not match volume gains.

During the 1960's, U.S. agricultural imports have risen much less than exports, despite increases in certain commodities. In the fiscal year just ended, exports topped imports by $2.3 billion, compared with $0.5 billion in 1959-60; and indications are that this favorable agricultural trade balance will continue substantially above the $2-billion mark during fiscal 1968.

Positive and negative influences on exports

Several major favorable developments should contribute to another year of high-level U.S. agricultural exports. Continued economic growth and rising per capita incomes are expected in Japan, Canada, and the industrialized countries of Western Europe. Other favorable developments are record gold and dollar holdings in a large number of principal importing countries, and lower prices for several major U.S. agricultural export commodities.

Further, the United States will be continuing its aggressive market development and promotion programs, to benefit from increased purchasing power in the leading dollar markets. For the countries without enough dollars, commodities will be made available under U.S. Government-financed programs. And export payment assistance, likely to be much reduced from previous levels, will be available for some U.S. commodities to enhance price-competitiveness in world markets.

But some unfavorable developments are expected also. The chief one is that crops of our leading export commodities, wheat and feedgrains, will be larger both in principal exporting countries and in major importing countries. Demand for some other U.S. agricultural commodities will also tend to be held down by improved production of these commodities in a number of importing countries. In Western Europe, for example, production of such items as dairy products, pork, and poultry has been stimulated by the Common Agricultural Policy of the European Economic Community, and surpluses have appeared. Some European countries have resorted to export subsidy programs to relieve their overproduction and surplus problems, particularly those of butter and poultry.

Grains holding steady

Exports of grain, except for rice, will probably hold close to last year's levels. Rice exports are expected to continue strong with further increases in dollar sales and there will be no difficulty in moving the record U.S. crop of 1967.

Large supplies of several major grains important in world trade are anticipated again in 1967-68. World wheat production in 1966 reached 280 million metric tons, providing sufficient supplies to meet both domestic and export requirements and enabling some countries to add to stocks. And world wheat acreage in 1967-68 is expected to exceed the record of 1966-67. The 1967 wheat harvest in the EEC is estimated at a record 30.5 million metric tons. In Australia, however, present crop conditions for wheat indicate that production may be below last year's level; and in Canada, wheat production for 1967 fell below that of 1966, dropping by about one-third, to less than 15 million metric tons.

Wheat and flour exports from the United States are estimated at 750 million bushels, or roughly the same as last year; but the value of these exports will probably be reduced by lower domestic and world prices, resulting from the record U.S. harvest and increased production in the major commercial importing areas of Europe. Commercial sales of wheat in 1967-68 are likely to be lower than the record of 1966-67 because of increased competition for import needs in Europe and North Africa. But government program exports (excluding barter) are likely to exceed the 303 million bushels of 1966-67, since needs in the less developed countries are expected to continue large.

U.S. exports of feedgrains are sure to be faced with strong competition from increased feedgrain production in both the major importing and the major exporting countries. For instance, feedgrain production in the EEC is expected to reach the record level of 32 million metric tons. However, with larger U.S. feedgrain crops also, U.S. prices are well below those of a year ago and much more attractive to foreign buyers.

U.S. barley exports are forecast at about last year's levels. Corn shipments should exceed last year's as the demand for corn continues to grow and the price spread between corn and grain sorghums is narrowed. Grain sorghum exports, however, may be down substantially, as a result of lower shipments under government programs and increased use of corn.

A record for oilseeds and their products

Exports of oilseeds and products are likely to reach a new record for the seventh consecutive year. Value may increase about 5 to 10 percent from the $1.2 billion of 1966-67. Exports of soybeans will probably total about 290 million bushels, compared with 247 million the year before. Exports of U.S. soybeans and products will be encouraged by the sharp increase in U.S. production and the lower prices. Despite larger production of oilseeds by such major producers as the Soviet Union, U.S. soybeans are in strong demand because of the growing world need for protein meal.

Also reflecting this need, U.S. exports of oilcake and meal may be increased somewhat during fiscal 1968; but

more countries may depend upon importing whole beans for meal production than have done so in past years, because of the relatively favorable price relationship of soybeans to soybean meal in the United States. U.S. exports of soybean oil may be pushed up sharply by larger shipments under government-financed programs.

Animal products rising

Animal product exports are expected to be about 6 percent higher than in 1966-67. Much of the increase will come from larger exports of dairy products, variety meats, and animal fats, oils, and greases.

Exports of dairy products will rise mainly because of gains in exports of nonfat dry milk. Basis for these bigger nonfat exports is increased domestic production and rising government inventories resulting mainly from bigger stocks. Government-financed exports of condensed milk to Vietnam may hold near the previous year's levels; but commercial exports of evaporated milk may increase moderately owing to larger shipments to Mexico.

Exports of variety meats will probably continue upward because of rising demand in the United Kingdom and the EEC. For other meats—beef, veal, and pork—exports are likely to be about the same as in the previous year.

Exports of animal fats, oils, and greases should be pushed upward this year by larger exports of tallow. Most of the increase is likely to be accounted for by larger shipments under Public Law 480 programs. However, price declines due to larger world supplies may limit value increases. Lard exports may decrease because of a slight reduction in U.S. hog slaughter and increased competition in the United Kingdom from the EEC, where hog slaughter is expected to rise.

U.S. exports of poultry products are expected to be down slightly from last year's $64 million. European countries, our major poultry markets, have been expanding their own production. However, our shipments in recent months have been running above earlier expectations, indicating that exports of fresh and frozen chickens may tend to level out during the remainder of the current fiscal year.

No significant changes are expected in export shipments of hides and skins, wool, and other major byproducts of the U.S. livestock industry.

Cotton about the same

Cotton exports are not expected to change much from a year earlier. Again this year, the sharply decreased supply of long staple cotton is stimulating export sales of short staple cotton, which the United States has abundantly available. Declining sales are likely, however, toward the end of this fiscal year and during the next year. Principal reasons are that by the end of the current season total U.S. stocks will have been reduced about as far as desired, and a return to near-normal acreage is expected for 1968; that foreign cotton acreage will probably rise further in response to the very favorable prices being received for the 1967 crops; and that cotton is less able to compete with the rapidly production of manmade fibers.

Tobacco may decline

Exports of unmanufactured tobacco may be down moderately from the 627 million pounds of 1966-67, totaling around 575 million pounds (export weight). This would still be the second largest level since fiscal 1956. The continued United Nations sanctions on Rhodesian trade will tend to make many foreign countries more dependent on U.S. tobacco.

In addition, U.S. exports will benefit from the good quality of recent flue-cured tobacco crops, the export payment program, and the increasing world cigarette output. However, the larger quantities of flue-cured available for export from other producing countries will increase competition. U.S. exports will also be hampered by the fact that stocks of U.S. tobacco in several major foreign markets increased substantially above normal levels during the course of the fiscal year just ended.

Fruits down some

Exports of fruits and preparations are likely to decline slightly from the $320 million of 1966-67. With significantly higher unit values expected, most of the decrease will be caused by smaller quantities. Unfavorable weather conditions in California and other areas have sharply reduced some major deciduous crops, and the citrus crop was cut by a February freeze and a spring drought. Exports of apples may be stimulated by below-average crops in the United Kingdom, Sweden, and Finland—our principal markets abroad. However, a substantial part of these needs may be met by larger apple exports from France, Italy, and Canada—our principal competitors.

Vegetables also down

Exports of vegetables and preparations will probably show a mild decline. Decreases in exports of canned white asparagus may be offset by increases for other processed and fresh vegetables.

With shorter U.S. supplies, exports of dry edible beans are forecast to drop. Although U.S. supplies of dry field peas are substantially above last year's levels, indications are that production is higher in Europe—a major market area—and in Canada—an important producing area.

Decline Foreseen for German Broiler Output

Recent weeks have seen further decreases in West Germany's prices for broilers in all market stages. These have caused serious problems for the West German poultry industry; they appear to be resulting in some curtailment of the country's broiler production.

During September and October, average West German producer prices for broilers were at record lows of approximately 21 cents per pound, live weight. Even considering lower feed costs resulting from the unification of EEC feedgrain prices on July 1, 1967, these producer prices failed to cover even the variable costs of production.

At slaughtering plants also, there have been further price decreases since July 1. In the first half of 1967, the average wholesale selling price amounted to about 34 cents per pound for grade A whole broilers in Cryovac bags. Recently, this price has dropped to about 32 cents. Broiler prices on the retail market have undergone a corresponding slump.

In August, for the first time since the adoption of the Common Agricultural Policy for poultry, the number of broiler eggs set showed a clear decline of 6 percent, compared with the same month in 1966; and the number of broiler chicks hatched declined by 8 percent.

U.K. Food Trade Places Orders at Hall of States Exhibit

Above, display in front window of U.S. Trade Center on London's busy St. James's St.; left, BBC television personality George Villiers, left, looks over a sample of frozen, pre-cooked, baked potato with Maine agent.

Reports of good business and promises of bigger and better sales to come speak for the success of the U.S. Trade Center's Hall of States food exhibit in London last month. The display drew importers, retail food salesmen, caterers, and other members of the British food trade to sample and study foods from 12 top agricultural States.

The display, which was modeled after the States area at the recent ANUGA Fair in Munich (see *Foreign Agriculture,* October 30, 1967) featured new and already available items from Florida, Illinois, Iowa, Maine, Michigan, Minnesota, Mississippi, New York, Pennsylvania, South Carolina, Virginia, and Wisconsin.

Here are some spot successes: An off-the-floor $2,300 order was placed for Christmas packs of Florida honey, and a completely new line of glass-packed pickles and peppers from Michigan will be imported by a new agent next year. In two cases—Minnesota poultry and Wisconsin variety meat—British agents were so interested in the lines exhibited they will visit the home plants within a month to discuss representation.

U.S. Blood Strains Show Well at Peru Livestock Exposition

More than 600 head of livestock shown by some 80 exhibitors were featured at Peru's 16th National Livestock Exposition at La Molina, October 13-22. Competition was limited to Peruvian-bred animals, but most of the winners were bred from cattle or descendants of cattle imported from the United States. Peru is the United States third largest market for dairy breeding cattle, last year purchasing 1,403 head.

Primarily a dairy cattle and sheep show, the Exposition featured Holstein-Friesian, Jersey, Red Danish, Milking Shorthorn, and Ayrshire dairy cattle; Corriedale sheep; Landrace, Yorkshire, Duroc, Jersey, and Hampshire swine; and Charolais beef cattle.

The United States awarded a silver trophy to the owner of a prize-winning animal of U.S. origin and sets of Holstein-Friesian bull and cow models to leading Peruvian Holstein breeders. Robert Strickler, Holstein-Friesian Association of America, represented the United States as judge for dairy cattle.

Next year, when the Exposition will be an international event, U.S. cattle are expected to compete.

U.S. Ambassador to Peru J. Wesley Jones, left, awards U.S. trophy to Carlos Luna de la Fuente, owner of U.S.-bred prizewinner.

High Level of Farm Output Ahead for Austria in 1967

Austrian farmers can expect a good year for their crops in 1967, but record levels achieved in 1966 will not be repeated. Substantial increases in production are reported for grains, milk, and a few minor field and fruit crops. For such items as potatoes, feed beets, and hay, lower levels of output are indicated. Crops in general this year got an excellent start, but a dry period in July and August destroyed initial hopes for another record-breaking volume at harvest.

Drought conditions which were particularly persistent in eastern Austria came too late to affect grain yields on a national scale. In its second crop forecast, the Austrian Central Statistical Bureau reported average per hectare yields for breadgrains and small coarse grains at levels exceeding previous records by 1.7-7.4 percent.

Breadgrain output increases

Breadgrain production is currently forecast at close to 1.4 million tons—10 percent more than that of a year ago and 22 percent above the 5-year average. Wheat production, at 998,000 tons, is 11 percent larger than in 1966. Combined production of rye and winter mixed grain—at 374,000 tons—is 1 percent smaller than last season's harvest.

The abundance of wheat continues to be a problem for the government, which has on hand some 300,000 tons not needed for food purposes. Livestock feeding and exports seem the best alternatives for moving the wheat, but both operations involve considerable costs for subsidies and denaturing processes.

Wheat and rye are currently in an unbalanced supply situation. Because fixed prices for wheat are higher than those for rye, and average yields of wheat exceed that of rye by a substantial margin, farmers are using every technological aid at their disposal to render marginal lands fit for wheat growing. As a result, acreages under wheat have increased 15 percent in the past 5 years, while the rye acreage has declined 11 percent in the same period. The net result has been a growing surplus production of wheat, and a rye deficit which must be made up through imports.

Domestic feedgrains are another

Above, Austrian orchardmen bring in the apple harvest; below, dairy cattle roam and graze on alpine pasture in the Tyrol region of western Austria. Surplus production of milk in one of Austria's major agricultural problems.

Left, farmers in Baumgarten unload bagged grain from back of combine onto a wagon to be moved to storage bins. Surplus production of breadgrains resulted in cuts in subsidies this year and next. Above right, hay is carefully stacked in field after mowing. Austria's hay harvest is down in 1967.

item in short supply. Volume imports are needed each year to meet the requirements of the Austrian livestock industry. To encourage larger feedgrain plantings at the expense of wheat, the Austrian Government raised fixed gate prices on the theory that free prices of home-grown coarse grains would automatically rise to correspondingly higher levels.

Farmers' response to this measure, however, has failed to come up to expectations. Home-produced feedgrain is largely fed on the grower's farm; hence it does not rate as a money-earning cash crop like wheat.

Total coarse grain production in 1967 is currently forecast at 1,441,000 metric tons—4.8 percent above the record output of 1966 and 22 percent above the 5-year average.

Total hay production, all cuts, is currently expected to be down some 6 percent from that of 1966. Austria's second cut was reportedly smaller than that of a year ago because of relatively low levels of moisture in the summer, but from a nutrient point of view the hay is of good-to-excellent quality.

Output of sugarbeets, late potatoes, and feed beets likewise was hurt by the dry summer. Production of these items will be down from the 1966 harvest some 22, 10, and 6 percent, respectively. Acreage cuts are partly responsible for the dip—down 10 percent for sugarbeets alone. For 1967, permissible deliveries of beets to factories were set at lower levels than in 1966, in view of sizable availabilities of sugar from the 1966 harvest. Beet growers reduced plantings accordingly.

Austria's production of beef, milk, and poultry meat will be at record levels in 1967, and pork production—although not yet fully recovered from the 1966 setback—is on its way back to normal.

For beef and veal, a 3-percent increase in output is expected. In addition, considerably more tonnages of beef cattle and slaughtered beef will be available for export in 1967 than ever before. Export sales of beef thus far in 1967 have been much higher than in 1966, even though it has been necessary to subsidize shipments to Italy —chief foreign market for Austria's produced beef.

Domestic production of pork has been on an upward trend during most of 1967, but overall supplies available for consumption have not much exceeded those of the year before.

Broiler output growing

Poultry production is expected to increase about 10 percent this year. For years it had been possible to keep producer prices of broilers at virtually constant levels, but lately prices have started to decline. More and more birds are being finished by domestic poultry farms and cooperative feeder rings, bringing on renewed demand for restrictions on imports.

Milk production is headed for another record, as is the country's supply of surplus butterfat. An attempt is being made to relieve the problem of excess production by shifting the emphasis from milk to beef production through measures providing an added incentive for cattle feeding.

These two articles were based on a dispatch from Henry A. Baehr, U.S. Agricultural Attaché in Vienna.

Surpluses and Financial Deficits Continue To Plague Austria, Consumers To Bear Burden

Surplus farm production of milk and wheat and financial deficits which caused Austrian officials to slash agricultural price supports and federal spending for 1967 apparently are steering them on the same course for 1968. As was the case this year, additional government revenues for 1968 —for the most part—will come out of the consumer's pocket.

The Federal budget for calendar 1967 reflected the first drastic departure from the traditional official attitude toward farm supports. The Austrian government decided in the fall of 1966 to shift part of the burden from the Treasury to the Austrian consumer.

Subsequent action brought a major cut in price supports for milk and breadgrains—from US$96 million in 1966 to $65 million in 1967. Farmers emerged unhurt, since the reduction in supports was offset by increases in consumer prices for wheat and other products made from milk and breadgrains. Total producer prices for grains were not affected by the cut in supports, because base prices in each case were increased by an amount equivalent to the reduction in subsidy. The producer milk price likewise was the same as before.

The surplus problem and an impending Treasury deficit were still in the air when negotiations began for the 1968 budget. The Minister of Agriculture presented a budgetary request that asked for substantially larger appropriations for support purposes for 1968, because of anticipated further increases in farm sales of milk and breadgrains. It also came to light at that time that funds originally earmarked for 1967 agricultural price support operations would not suffice to meet obligations through the end of 1967. The government has estimated that the total increase needed to fulfill its obligations is about $46 million.

Austrian agriculture, meanwhile, has requested allocations for development under the 1968 Green plan in the amount of $33 million. This compares with a budgeted $28 million for 1967. In view of the country's tight budget situation for 1968, however, an increase of this magnitude is doubtful.

Austrian agriculture is trying to help the situation by introducing some new measures next year to cut down spending. Creamery operations will be stepped-up to reduce operational deficits which drain the Federal budget, and the government will increase the check-off from producer milk prices to replenish the dairy industry's self-generated funds for sales promotion. (These funds have acted as an export subsidy.) It will also eliminate the subsidy on nonfat dry milk solids for feeding, and decrease wheat price supports and fertilizer subsidies.

A thorough review will likely be made of Federal programs affecting farm prices and marketings. The current system was formulated right after World War II during a period of want as opposed to today's problems of oversupply.

New legislation is now in the workings which may substitute a pricing system modeled after that of the European Economic Community for the fixed and guaranteed producer prices now being paid for domestic milk and breadgrains. Also, more emphasis will be placed on quality competition, according to government sources.

Prospects Appear Good for Expansion in World Meat Trade

World trade in meat products—which just missed setting an alltime record in 1966—will again be high in 1967, according to preliminary estimates for major producing countries. Behind the continued heavy trade is further recovery in the Argentine industry—world's largest meat exporter. However, some big exporters may drop from their 1966 levels.

Beef, veal increasing

Estimates for 1967 show Argentine beef exports, which accounted for 27 percent of total world exports in 1966, to be up 15 to 20 percent from the 185 million pounds shipped in 1966, an increase in line with Argentina's production expansion. This effort has been promoted by the government, which is also attempting to establish new markets. Principal outlets for Argentine chilled and frozen beef have been the EEC countries and the United Kingdom; the most successful new market is Spain. However, the United States is still the chief buyer of Argentina's canned and preserved beef.

Oceania's meat exports for the first 7 months of 1967 were down 23 percent because of herd rebuilding in Australia following the drought. The figure for the year is expected to be down 15 percent; last year Oceania supplied 28 percent of world meat exports.

This year is the second during which the Australian livestock industry has suffered from drought. In the preceding year Australian exports of beef and veal dropped 11 percent from the record achieved in 1965 to less than a billion pounds.

New Zealand, however, shipped 9 percent more beef and veal in 1966 than in 1965 and is expected to ship about 10 percent more in 1967. The advance has been due to increased beef production resulting from favorable weather conditions and the continued buildup of beef herds over the past several years.

Once again Uruguay's exports could decline drastically. In 1966 beef and veal production was down 23 percent, and cattle slaughter, 31 percent. This year floods had reduced cattle slaughter 31 percent by October, and prospects for the remainder of the year are not encouraging.

The world's major importing countries are expected to take more beef in 1967. Most important of these importers is the United States, which is also the world's top beef producer with a third of world output in recent years. Purchases by the United States totaled 608.2 million pounds during the first 8 months of 1967. Though this was above the 555.7 million pounds imported in the same period of 1966, beef imports subject to import restrictions have not been sufficient to trigger import quotas as provided for in the U.S. Meat Import Act (Public Law 88-482). Last year imports totaled 893.3 million pounds—up 27 percent from 1965 but still 28 percent below the 1963 level.

Pork figures climbing

After declining in 1966, world pork exports are expected to show a slight increase in 1967. The lower export level last year, which was still 47 percent above the 1956-60 average, was caused largely by reduced pork production in most of the major producing countries in Europe.

Denmark remains the world's leading exporter of pork, although its 1967 sales may be down slightly from the 1966 figure of 1,226 million pounds. That figure in turn was 3 percent below the high level in 1965.

The Netherlands, second only to Denmark in world pork exports, showed gains in the first part of 1967 after an 8-percent decrease in 1966. In the first 6 months it shipped 55 million pounds of ham to the United Kingdom and the United States; 23 million of whole and half hogs went to France, Belgium, and Luxembourg.

The United Kingdom remained the top-ranking importer of pork in 1966, taking 1,450 million pounds or 46 percent of total world pork imports. The 1967 forecast shows Great Britain retaining this position, because domestic production is down sharply this year.

The United States, generally second among the world's leading pork importers, bought 381 million pounds of pork in 1966—11 percent more than in 1965. U.S. imports of pork have increased steadily since the early 1960's and were 3.4 percent of domestic production in 1966, up from 3 percent in 1965. Total pork imports for the first 6 months of 1967 were 208 million pounds, compared with 200 million for the same period in 1966. Exports likewise were up in early 1967; shipments amounted to 32 million pounds compared with 28 million during January-August 1966.

Mutton and lamb trade

World trade in mutton and lamb saw increased activity in 1966, with exports up 13 and 9 percent respectively; prospects for 1967 are equally good. Accounting for the gain in 1966 were excellent production conditions and abundant feed supplies in the top exporting country — New Zealand — which captured 57 percent of the mutton and lamb market in 1966.

Among the importers, some important trade shifts were seen in 1966. The United Kingdom — traditionally the largest importer of mutton and lamb—took less in 1966 as a result of increases in its own production, while the United States and Japan imported more in response to growing demand for sheep meat for use in processed meat products. U.S. buying fell 49 percent in the first 8 months of 1967.

WORLD MEAT TRADE IN 1966

Item	Beef & veal		Pork		Mutton, lamb, goat	
	Quantity	Share of total	Quantity	Share of total	Quantity	Share of total
Exports:	*Mil. lb.*	*Percent*	*Mil. lb.*	*Percent*	*Mil. lb.*	*Percent*
Argentina	1,291.9	27.3	—	—	143.4	9.6
Australia	981.5	20.8	—	—	381.8	25.4
Denmark	214.3	4.5	1,225.6	43.6	—	—
France	226.6	4.8	50.7	1.8	—	—
Netherlands	139.7	3.0	403.3	14.3	16.0	1.1
New Zealand	348.3	7.4	—	—	859.9	57.3
United States	39.2	.8	58.4	2.1	—	—
Imports:						
Germany, West	315.8	6.8	168.6	5.4	—	—
Italy	661.4	14.1	132.0	4.2	—	—
Japan	—	—	—	—	203.6	15.4
United Kingdom	971.2	20.8	1,450.2	46.4	721.6	54.5
United States	120.4	25.7	381.0	12.2	136.0	10.3

Weekly Report on Rotterdam Grain Prices

During the period ending November 15, 1967 Canadian wheat offers in Rotterdam held firm, while U.S. hard wheat prices were mixed and U.S. soft wheat prices declined slightly. Argentine wheat was quoted 2 weeks ago for the first time since May.

Corn prices increased. Current quotes for Argentine corn are only nominal.

Item	Nov. 15	Nov. 8	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
WHEAT:			
Canadian No. 2 Manitoba	2.07	2.07	2.16
U.S. No. 2 Dark Northern Spring 14 percent	1.98	1.96	2.01
U.S. No. 2 Hard Winter 12 percent	1.88	1.89	1.89
Argentine	1.92	1.92	1.92
U.S. No. 2 Soft Red Winter	1.75	1.76	1.88
Russian 441	1.87	1.87	(1)
CORN:			
U.S. No. 3 Yellow Corn	1.38	1.35	1.63
Argentine Plate	1.85	1.82	1.70
South African White	1.50	1.50	(1)

1 Not quoted.

NOTE: All quotes are c.i.f. and for 30- to 60-day delivery.

Spanish Market for Argentine Beef in 1968

Spain has agreed to buy a minimum of 60,000 metric tons of Argentine beef and veal in 1968 under an agreement recently reached between government officials representing the two countries, according to a government announcement. Shipments will be in monthly quotas of 3,500 tons of frozen beef and 1,500 tons of chilled. Prices and other details have not been announced.

The agreement was concluded in Madrid by an Argentine trade mission which included the president of the Argentine National Meat Board and representatives of the Ministry of Economy and the meat industry.

At a press conference in Buenos Aires, the Argentine Under Secretary of Commerce said that Spain's beef deficit in 1968 is estimated at 100,000 tons. If requirements turn out to exceed that amount, he said, additional purchases may be made from Argentina.

Botswana Fights Foot-and-Mouth Disease

Nearly 372,000 head of cattle in northern Botswana are now decorated with red spots. The red spots are paint to identify the 230,160 cattle, 127,579 goats, and 13,806 sheep that have been immunized against foot-and-mouth disease. This is about one-sixth of the total number of cattle in the country.

The campaign was executed in a month and covered 52,400 square miles from Ngamiland in the west to the Great Makarikari Saltpans in the east. It cost $140,000.

There have been 7 outbreaks of foot-and-mouth disease in the last 10 years. It usually breaks out in the winter in the north and sweeps southward. The vaccine provides immunity for about 4 months.

With these factors in mind, the Director of Veterinary Services, Mr. Jack Falconer, ordered massive inoculation in the north to be repeated every winter.

U.S. Increases Foreign Livestock Trade

An overall view of U.S. livestock trade for 1967 shows exports of most products rising, although cattle hide exports continued to decline. Imports of most meat products, with the exception of red meats (especially beef and veal), decreased.

U.S. red meat imports were 5 percent higher during the

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS
[Product-weight basis]

Commodity	September 1966	September 1967	Jan.-Sept. 1966	Jan.-Sept. 1967
Red meats:				
Beef and veal:				
Fresh and frozen:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Bone-in beef:				
Frozen	245	420	4,095	3,276
Fresh and chilled	990	755	12,654	3,505
Boneless beef	83,613	81,899	534,723	591,604
Cuts (prepared)	206	121	1,679	912
Veal	2,502	1,283	14,726	11,216
Canned beef:				
Corned	(1)	12,309	(1)	63,418
Other, including sausage	9,273	1,203	64,384	9,482
Prepared and preserved	3,791	4,693	24,079	27,460
Total beef and veal	100,620	102,683	659,340	710,873
Pork:				
Fresh and frozen	3,056	3,535	31,745	35,788
Canned:				
Hams and shoulders	14,800	13,860	148,808	155,360
Other	3,669	3,125	36,269	31,510
Cured:				
Hams and shoulders	148	110	1,148	1,382
Other	136	327	2,928	3,187
Sausage	228	178	1,751	1,943
Total pork	22,037	21,135	222,649	229,170
Mutton and goat	4,122	5,386	50,377	38,716
Lamb	631	1,502	12,720	7,607
Other sausage	475	364	4,281	4,634
Total red meat	127,885	131,070	946,367	991,000
Variety meats	52	230	2,476	2,144
Wool (clean basis):				
Dutiable	9,424	10,448	133,248	83,872
Duty-free	9,318	7,236	94,039	53,590
Total wool	18,742	17,684	227,287	137,462
Hides and skins:	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	10	26	171	130
Calf	11	51	185	375
Kip	29	15	321	280
Buffalo	35	20	331	283
Sheep and lamb	2,880	1,454	24,729	16,922
Goat and kid	681	510	8,596	5,751
Horse	6	5	205	131
Pig	176	75	1,691	940
	Number	*Number*	*Number*	*Number*
Live cattle 2	57,518	34,164	664,671	420,307

1 Included in other canned beef. 2 Includes cattle for breeding.

U.S. Department of Commerce, Bureau of the Census.

first 3 quarters of 1967 compared with the same period a year earlier. Most of the gain was in beef and veal imports, which were up 8 percent. Pork imports rose 3 percent, but lamb and mutton imports fell 40 and 23 percent, respectively.

Imports of live cattle—mainly feeder cattle from Mexico and Canada—were down 37 percent during the first 3 quarters of 1967. Wool imports were off 40 percent, and hide and skin imports, 32 percent.

U.S. exports of livestock and livestock products increased in most instances during the first 3 quarters. Lard, inedible tallow, and variety meat exports were up 24, 17, and 11 percent, respectively, from the same period a year earlier. Cattle hide exports continued to decline in September, reflecting a weaker world market for hides. Exports were off 10 percent for the first 3 quarters. Live cattle exports—mainly breeding cattle—were up 60 percent.

U.S. EXPORTS OF LIVESTOCK PRODUCTS
[Product-weight basis]

Commodity	September 1966	September 1967	Jan.-Sept. 1966	Jan.-Sept. 1967
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	8,141	13,451	109,307	135,303
Tallow and greases:				
Inedible	135,483	131,563	1,450,906	1,690,718
Edible	1,917	592	12,555	12,956
Red meats:				
Beef and veal	2,241	1,656	21,674	23,223
Pork	3,854	3,418	32,057	35,860
Lamb and mutton	160	341	1,256	1,291
Sausages:				
Except canned	196	200	1,552	1,697
Canned	84	88	950	862
Other canned meats	621	745	5,805	6,141
Meat specialties:				
Frozen	126	342	1,489	1,699
Canned	106	180	1,294	1,724
Total red meats	7,388	6,970	66,077	72,497
Variety meats	19,237	17,012	151,591	167,732
Sausage casings:				
Hog	654	526	5,049	4,630
Other natural	469	323	4,256	3,097
Mohair	1,144	717	7,658	6,868
Hides and skins:	*Pounds*	*Pounds*	*Pounds*	*pounds*
Cattle parts	—	4,162	—	32,038
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	1,176	912	10,291	9,307
Calf	216	123	1,664	1,419
Kip	43	37	419	344
Sheep and lamb	142	274	1,838	2,842
Horse	8	5	51	51
Goat and kid	70	25	336	226
	Number	*Number*	*Number*	*Number*
Live cattle	2,198	5,411	20,980	33,610

Bureau of the Census.

Argentine Wool Production Expected To Dip

Wool production in 1967-68 will be down slightly from last year's 200,000 metric tons as a result of some decline in sheep numbers. Owing to a sizable cutback in 1966-67 exports, current stocks on hand are more than double those of a year ago, although not considered to be burdensome.

Domestic consumption of wool continues to be stable. Producer prices for medium and coarse wools showed declines from those of 1965-66.

The government announced several assistance measures for the sheep and wool industry, among them reduced export taxes and tax deductions.

Peru's Fishmeal Exports Increase

Peru—the world's leading producer and exporter of fishmeal—exported 1,063,942 metric tons of fishmeal during January 1-September 15, 1967. This is about 8 percent more than in the comparable period in 1966.

The increase reflected some disposal of stocks, since production through September 15 of this year amounted to 1,031,253 tons, or slightly less than in the same months of 1966. If exports continue at this rate, Peruvian exports of fishmeal in calendar 1967 could approach the record volume of 1.4 million tons exported in 1964.

In the first half of 1967, Peru exported 27 percent of its fishmeal to the United States, 5 percent to other Western Hemisphere countries, 44 percent to Western Europe (with 17 percent to West Germany alone), 21 percent to Eastern Europe, and 3 percent to the Far East.

A large share of the increase in exports this year has moved to the United States—chiefly the East and Gulf coast ports. According to official U.S. Bureau of Census data, fishmeal imports in January-September 1967 amounted to 468,093 short tons, or 35 percent above the 345,935 imported in the same 9 months of 1966.

Since the rapid expansion of the Peruvian fish reduction industry, which hit its peak volume in 1964, there have been many changes. Reduced fishmeal prices, rising costs of production, and the threat of scarcity of anchovies all have dampened enthusiasm and new investment in the Peruvian fishmeal industry. Because of financial difficulties, purse seine catcher boats are now operated chiefly by the same companies that own the fishmeal plants. In 1966 41 of the 144 fish reduction plants operated at less than one-half capacity.

The devaluation of the Peruvian currency on September 1, 1967, may reduce some local costs; however, it also significantly increases the cost of imported supplies and equipment. The 40-percent tax which the Peruvian Government placed on exports following the devaluation was strongly opposed by the export industries and was subsequently rescinded.

Because of reported appeals by producers, the government granted producers a tax payment deferment for 12 months and reduced the size of the fishing boat crews. However, the industry expects further governmental assistance in the near future.

As of mid-September Peru's fishmeal stocks were estimated at roughly 350,000 tons, virtually all of which was probably sold for future delivery. With prospects for future production estimated at 200,000 tons monthly and monthly exports amounting to about 130,000 tons, stocks on January 1, 1968, could approach 500,000 tons compared with 375,165 on January 1, 1967, and 639,800 on July 1. However, the actual outcome could be sharply altered by fishermen's strikes, lockouts by producers, scarcity of anchovy, or closed seasons as determined by the government.

The 1967-68 Peruvian fishing season began officially on September 1 and has been limited to a 5-day week, which will be extended through August 31, 1968. The government announced that the Peruvian Ocean Institute (POI) would make recommendations regarding a closed season

during this period. Last season there were only 7½ months of fishing, as 3 months were closed for conservation and 1½ months were closed by a strike.

The POI has noted that the 1967 anchovy catch could rise to about 9.8 million tons without endangering resource availabilities. The 1966 catch amounted to 8,529,821 tons, the second largest of record compared with 8.8 million in 1964.

The approximate percentage composition of the anchovy of Peru and Chile is: Water 75, Insoluble solids 15.2, oil 6, and soluble solids 3.8. The quantity of oil varies with the season, age of the anchoveta, and local conditions.

In order to achieve maximum meal extraction, fishmeal plants should be equipped with centrifugal and evaporating equipment. Failure to use the evaporating equipment will reportedly reduce the meal extraction rate by one-sixth, while plants lacking both centrifuge equipment and evaporating equipment will achieve an extraction rate one-third below the maximum. Reportedly only about 25 percent of Peru's fishmeal plants are fully equipped for recuperation of solids and oil by means of both centrifugal and extracting equipment. But no doubt these plants account for a sizable proportion of Peru's total fishmeal output.

PERU'S FISHMEAL EXPORTS BY MONTH

Month	1963	1964	1965	1966	1967
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
January	147.2	102.0	164.9	144.8	100.3
February	104.1	100.7	130.2	118.2	115.7
March	103.9	186.1	169.7	137.6	117.3
April	96.3	142.4	163.1	118.7	118.5
May	78.1	132.9	157.9	107.4	158.7
June	84.6	106.3	133.4	120.6	140.3
July	110.4	141.6	110.3	111.0	132.7
August	83.1	104.4	46.6	87.0	129.1
September	73.3	82.2	29.9	79.7	[1] 51.4
October	83.3	84.4	16.3	81.2	—
November	90.6	109.7	38.8	78.8	—
December	104.8	123.8	98.9	119.5	—
Total	1,159.7	1,416.5	1,260.0	1,304.5	1,064.0

[1] September 1 through 15 only.
Peruvian Times, Lima.

PERU'S FISHMEAL EXPORTS BY COUNTRY

Area and country	1964		1965		1966	
	1,000 metric tons	*Per-cent*	*1,000 metric tons*	*Per-cent*	*1,000 metric tons*	*Per-cent*
W. Hemisphere:						
United States..	298.7	21.1	182.1	14.5	257.5	19.7
Others	69.6	4.9	64.0	5.0	73.1	5.6
Total	368.3	26.0	246.1	19.5	330.6	25.3
Western Europe:						
Germany, W.	308.2	21.8	299.5	23.8	281.9	21.6
Netherlands ..	192.8	13.6	139.8	11.1	146.5	11.2
Italy	82.4	5.8	65.1	5.2	82.5	6.3
Spain	38.0	2.7	85.6	6.8	89.9	6.9
United Kingdom	83.7	6.0	56.7	4.5	11.6	.9
Others	109.7	7.7	90.2	7.1	86.4	6.7
Total	814.8	57.6	736.9	58.5	698.8	53.6
Eastern Europe:						
Germany, E.	41.2	2.9	86.3	6.8	73.4	5.6
Poland	27.2	1.9	34.1	2.7	40.7	3.1
Yugoslavia	23.4	1.7	28.2	2.2	52.7	4.0
Others	42.1	2.9	72.2	5.8	35.4	2.8
Total	133.9	9.4	220.8	17.5	202.2	15.5
All others:						
Japan	89.8	6.1	53.5	4.3	67.9	5.2
Others	9.7	.9	2.5	.2	5.0	.4
Total	99.5	7.0	56.0	4.5	72.9	5.6
Grand total	1,416.5	100.0	1,260.0	100.0	1,304.5	100.0

Peruvian Times, Lima.

Dutch Tobacco Imports Rise

Imports of unmanufactured tobacco into the Netherlands during January-July 1967 totaled 65.4 million pounds, compared with 56.6 million for the first 7 months of 1966. Principal suppliers this year included the United States 23.4 million pounds, West Germany (mainly re-exports of Indonesian leaf) 9.1 million, Republic of South Africa 5.8 million, Brazil 5.6 million, and Rhodesia 4.7 million.

DUTCH DUTY-PAID IMPORTS OF UNMANUFACTURED TOBACCO

Origin	January-July	
	1966	1967
	1,000 pounds	*1,000 pounds*
United States	17,002	23,440
Germany, West [1]	6,870	9,074
Republic of South Africa	2,793	5,805
Brazil	4,879	5,613
Rhodesia	8,629	4,672
Belgium [1]	3,014	2,577
Malawi	1,563	2,357
India	1,025	1,312
Philippines	963	897
Italy	401	895
Cuba	635	860
Dominican Republic	1,030	789
South Korea	494	666
Others	7,350	6,458
Total	56,648	65,415

[1] Re-exports mainly of Indonesian leaf.

France Imports Less Tobacco

French imports of unmanufactured tobacco in the first half of 1967 totaled 48.1 million pounds, about 13 percent below those of January-June 1966.

Major sources of imports this year (in million of pounds) included Colombia 8.6, Bulgaria 7.2, Brazil 6.1, Mainland China 3.4, the Philippines 3.0, and Romania 3.0. Purchases of U.S. leaf in January-June 1967 totaled 2.9 million pounds, or little more than half those for January-June '66.

FRENCH IMPORTS OF UNMANUFACTURED TOBACCO

Origin	January-June		
	1965	1966	1967
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Colombia	55	4,418	8,598
Bulgaria	1,041	10,395	7,242
Brazil	4,557	12,485	6,109
Mainland China	948	3,113	3,362
Philippines	3,408	1,550	3,023
Romania	0	1,424	3,010
United States	3,351	5,236	2,884
Poland	1,473	1,409	2,639
Turkey	1,067	979	1,872
Greece	1,530	1,012	1,858
Malagasy Republic	1,208	1,627	888
Argentina	7,381	2,639	626
Paraguay	2,039	2,427	586
Others	7,611	6,252	5,370
Total	35,669	54,966	48,067

Tobacco Intelligence, London.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

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International Grains Arrangement Published and Reported on by USDA

Just off press is a new publication on the International Grains Arrangement—one of the most important results of the Kennedy Round of GATT negotiations which ended this past June.

The publication *International Grains Arrangement 1967* contains the official agreement in full, plus an introductory chapter of background material on the Arrangement.

Included in the Arrangement are two major conventions—the Wheat Trade Convention and the Food Aid Convention. These would provide new price assurances to U.S. wheat farmers and, at the same time, bring other wheat trading nations into partnership with the United States in helping the developing nations meet their food needs.

Wheat Trade Convention

First of these, the Wheat Trade Convention, sets minimum and maximum prices for 14 major wheats moving in world trade. Minimum prices for other wheats may be established as the need arises by the Prices Review Committee, a new body which helps member countries to implement the price objectives of the Convention. For U.S. wheats, the minimum prices are generally about 23 cents a bushel higher than in the old International Wheat Agreement.

Procedures to be followed when prices reach minimum or maximum levels are also detailed in the Convention. It recognizes that an exporting country may offer its wheat at competitive prices even though such prices might be below the minimum levels specified in the Arrangement, if consultative procedures have failed to find a basis for maintaining prices above established minimums.

A section on guidelines for concessional transactions reaffirms and strengthens the previously recognized principle that grain exports on concessional terms should avoid harmful interference with normal patterns of production and commercial trade.

Food Aid Convention

The Food Aid Convention commits member countries—importers and exporters alike—to a 4.5-million-ton annual program of food aid to developing countries; 4.2 million tons have been subscribed thus far.

The United States will supply 42 percent—about 1.9 million tons; the European Economic Community, 23 percent—about 1.0 million tons; Canada, 11 percent; Australia, the United Kingdom, and Japan, 5 percent each; and other countries, smaller amounts. Contributions can be in the form of wheat, coarse grains suitable for human consumption, or the cash equivalent. Contributing countries may specify the recipients of their donations, or they may channel them through an international organization such as the World Food Program of the United Nations.

Also called for in this Convention is a Food Aid Committee, consisting of representatives of the contributing countries. Its primary function will be to review and coordinate the overall functioning of the Convention.

Major wheat trading countries, including the United States, Canada, Australia, Argentina, Japan, the United Kingdom, and the EEC, negotiated the basic pricing and food aid provisions of the new Arrangement during the Kennedy Round. Representatives from 52 countries then met at the International Wheat Conference in Rome, July 12-August 18, 1967, and developed the Arrangement further, opening the results of the Kennedy Round negotiations to the widest possible participation.

The Arrangement, which was recently signed by Acting Secretary of Agriculture John Schnittker on behalf of the U.S. Government and sent to the U.S. Senate for its consent, will become effective July 1, 1968, after ratification by participating governments. It replaces the 18-year-old International Wheat Agreement and will be in effect for 3 years.

Copies of the publication, FAS-M-195, may be obtained from Room 5819-S, Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D.C. 20250.